

MEMORANDUM

TO : Budget Officer

FROM: Finance Division

SUBJ: Assets Transferred from Predecessor Organizations

1. In response to your request, there is submitted herewith comments with respect to the item of \$4,028,000.00 which appears on our present books as a credit to predecessor organizations.
2. This item represents the residue of funds on hand at the date of liquidation of the Strategic Services Unit and the activation of the Central Intelligence Group. For accounting and other legal purposes the date 20 October 1946 was chosen by the Directors of the Strategic Services Unit and the Central Intelligence Group as the effective date of liquidation of the Strategic Services Unit and activation of Central Intelligence Group.
3. Operationally, however, there was in fact no precise cut off date between SSU and CIG. Certain SSU operations which were not to be continued by CIG were continued by SSU to an orderly conclusion. Likewise, certain employees of SSU continued in employment status for several months prior to transfer to CIG, or termination. In addition, practical and policy considerations prohibited worldwide dissemination of the liquidation of SSU and the activation of CIA for the purpose of setting up separate financial records in the field for the activities of each organization.
4. The initial transfer of SSU assets to CIG was accomplished by transferring all book assets (foreign currencies, gold, jewelry and other valuables on hand) from the SSU general ledger to the CIG general ledger at their last recorded book value and the setting up of a contra liability account. In subsequent months as field accountings were submitted and SSU activities terminated, the amount of the original transfer was adjusted for the liquidation of obligations of SSU. The amount \$4,028,000.00 therefore represents the net amount of monetary assets transferred from SSU to CIG after liquidation of all known SSU obligations to the present time.
5. At the present time these funds, with certain exceptions, are no longer in the form in which they were transferred to CIG. They are presently in the form of gold, dollars, jewelry, foreign currency or even operational advances. The composition of these funds acquired by CIG from the SSU appropriation or other sources is not material so long as the amount transferred is clearly recorded as coming from non-CIG appropriations and is not expended for the purpose of augmenting CIA appropriations without proper authority.
6. The source of these funds to SSU is also not ascertainable. Portions of these funds came from the COI and OSS appropriations and from the funds made available for the liquidation of SSU. Other portions represent funds

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or assets seized from the enemy during World War II. Lastly substantial portions of these funds represent foreign exchange profits.


Deputy Chief, Finance Division

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